

Confirmation of the proposed hive-off of Baikowski®

Basis of share distribution: 1 Baikowski® share for 1 PSB Industries share

At its meeting of 5 November 2018, the Board of Directors of PSB Industries (the “Company”) decided to propose at the Company’s next General Meeting the distribution to shareholders of the shares in its Baikowski® subsidiary, subject to the agreement of Euronext Paris (expected at the end of November 2018) to the listing of Baikowski®’s shares on the Paris Euronext Growth stock market (“Euronext Growth”).

For PSB Industries, following the sale in June 2018 of its Food & Distribution business unit (“CGL Pack”), the proposed hive-off marks the culmination of its refocus and transformation into a world leader Pure Player within its two major markets: Luxury & Beauty and Healthcare & Industry.

After this refocus, PSB Industries will have the benefit in particular of greater financial flexibility, improved clarity as to its performance, better market perception and reinforced attractiveness for its investors.

The transaction should enable the newly independent Baikowski®, thanks to its greater agility and reinforced focus, to accelerate its development within the niche markets for high purity alumina, special oxides and polishing.

A General Meeting of the shareholders of PSB Industries will be convened on 20 December 2018 to vote on the exceptional in-kind distribution in kind of the Baikowski® shares¹.

Baikowski®’s share capital, fully held by PSB Industries, comprises 3,671,665 shares² which PSB Industries will distribute on the basis of 1 Baikowski® share for 1 PSB Industries share. For the purpose of the distribution, the Board of Directors of PSB Industries has retained an equity value for Baikowski® of €51.8 million.

The Appendix to this press release provides financial information designed to illustrate the impact of the Baikowski® distribution on PSB Industries’ consolidated financial statements for 2017 and consolidated balance sheet as at 30 June 2018.

François-Xavier Entremont, Chief Executive Officer of PSB Industries, has stated the following: *“The approval by our Board of Directors of the strategic decision to hive off and list Baikowski® separately marks a new stage in the clarity and reinforcement of PSB Industries as a Pure Player within the Luxury & Beauty and Healthcare & Industry markets. I am delighted to be able to offer our shareholders the opportunity of participating in the flotation of Baikowski® which will allow PSB Industries to pursue its momentum of value creation”*.

Benoît Grenot, Managing Director of Baikowski®, has stated the following: *“The stock market flotation of Baikowski® is a key step in our Group’s history. The transaction will give our teams new impetus to pursue the deployment of our winning strategy in the framework of promising markets and will comfort our excellent relationships with our global customers and all our other partners”*.

¹ This exceptional distribution does not constitute a dividend. We recall that a dividend of €1.25 per share was distributed on 29 May 2018 in respect of 2017.

² Shares with a par value of €1.25 per share.

Main features of the transaction

The Baikowski® shares will be distributed to the shareholders of PSB Industries recognised as such at the end of the day before the distribution and on the basis of 1 Baikowski® share for 1 PSB Industries share.

The shares in Baikowski® will be listed with Euronext Growth.

Indicative calendar for the transaction (subject to the agreement of Euronext Paris)

12 November 2018:	Publication of the convening notice in the BALO (French Bulletin of Mandatory Legal Announcements)
End November 2018:	Decision of the Board of Directors of Euronext Paris as to the listing of Baikowski® with Euronext Growth PSB Industries press release and communication, including on PSB Industries' website, of Baikowski®'s disclosure document (including a summary of the independent expert's report)
18 December 2018:	Suspension of PSB Industries' liquidity contract ³
20 December 2018:	General Meeting of the shareholders of PSB Industries for the purpose notably of voting on the proposed distribution of the Baikowski® shares
Between 27 and 28 December 2018:	Distribution and initial listing Recording by Euroclear
31 December 2018:	Delivery of the Baikowski® shares to the shareholders of PSB Industries Renewed application of PSB Industries' liquidity contract

Full information on the stock market flotation of Baikowski® by means of the distribution of its shares to the shareholders of PSB Industries will be available on PSB Industries' website (www.psbindus.com).

Degroef Petercam Finance is PSB Industries' financial advisor and Baikowski®'s Listing Sponsor for this transaction.

About PSB Industries: PSB Industries is an innovative industrial group and market leader for packaging and specialty chemicals. In 2017 the Group achieved revenue of €378 million (including €49 million for the Food & Distribution business unit sold on 28 June 2018), of which more than 50% internationally, with production facilities in France, the USA, Poland, Japan, China and Mexico.

About Baikowski®: Baikowski® has existed for a hundred years and is a leading manufacturer of specialist industrial minerals and more particularly, of ultra-pure alumina powders and formulations as well as of other high quality oxides and composites such as spinel, ZTA, YAG and cerium for technical ceramic applications, precision polishing, crystals and additives or coverings. The quality of Baikowski®'s products is appreciated by a variety of high-tech markets including the lighting, watchmaking, mobile phone, microelectronic, automotive, defence and medical industries. In 2017, Baikowski® achieved revenue of €40 million.

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³ The Board of Directors has decided to suspend the performance of the Company's liquidity contract with Oddo Corporate Finance from 18 December 2018 at 0h00 (Paris time) and until delivery of the Baikowski® shares.

Appendix

The financial information presented below is designed to illustrate the impact of the Baikowski® distribution on PSB Industries' consolidated financial statements for 2017:

31/12/2017 (millions of euro)	PSB Industries	PSB Industries excl. CGL Pack (sold in June 2018)*	PSB Industries post-distribution of Baikowski®**
Revenue	378.4	330.5	291.0
EBITA***	25.2	20.5	15.5
<i>As a % of revenue</i>	<i>6.6%</i>	<i>6.2%</i>	<i>5.3%</i>
EBIT**5	18.9	14.3	8.6
<i>As a % of revenue</i>	<i>5.0%</i>	<i>4.3%</i>	<i>3.0%</i>
EBITDA**6	46.6	39.4	30.4
<i>As a % of revenue</i>	<i>12.3%</i>	<i>11.9%</i>	<i>10.5%</i>
Net income for continuing operations	10.2	6.9	2.7
Net income for operations sold	0	3.3	7.6
Net income	10.2	10.2	10.2
Personnel (number of employees)	2,342	2,092	1,953

* Unaudited figures

** Including €0.7 million of services charged by PSB SA to CGL Pack and €0.6 million to Baikowski®. The service agreements with CGL Pack were terminated at the end of June 2018 and those with Baikowski® will be terminated following the distribution.

The financial information presented below is designed to illustrate the impact of the Baikowski® distribution on PSB Industries' consolidated balance sheet as at 30 June 2018:

- At 30 June 2018, PSB Industries' equity amounted to €194.3 million after sale of the Food & Distribution business unit. Excluding net income for the second half of 2018, that equity should be impacted by the hive-off of the Specialty Chemicals business unit to the extent of about - €30 million.
- At 30 June 2018, PSB Industries' net debt amounted to €2.7 million after sale of the Food & Distribution business unit. Excluding the Specialty Chemicals business unit, at 30 June 2018 PSB Industries would have had net cash of €10 million.

⁴ EBITA (Earnings Before Interest, Taxes & Amortization) equates with operating profit inclusive of the Group's share of the net income of associates but excluding any impairment of goodwill and the amortisation of customer relationships.

⁵ EBIT (Earnings Before Interest & Taxes) equates with operating profit inclusive of the Group's share of the net income of associates.

⁶ EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) equates with operating profit inclusive of the Group's share of the net income of associates but excluding any impairment of goodwill as well as depreciation, amortisation and changes in provisions.